Horizon Oil Limited ABN 51 009 799 455
Level 7, 134 William Street, Woolloomooloo NSW Australia 2011
Tel +61 2 9332 5000, **Fax** +61 2 9332 5050 **www**.horizonoil.com.au

2 May 2013

The Manager, Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL (HZN) UPDATE ON INVESTOR PRESENTATION

Please find attached Horizon Oil's latest Investor Presentation. A copy is available on our website at www.horizonoil.com.au.

Yours faithfully,

Michael Sheridan
Chief Financial Officer / Company Secretary

For further information please contact:
Mr Michael Sheridan
Telephone: (+612) 9332 5000
Facsimile: (+612) 9332 5050
Email: exploration@horizonoil.com.au
Or visit www.horizonoil.com.au

HORIZON OIL LIMITED

ABN 51 009 799 455

Investor Presentation
May 2013

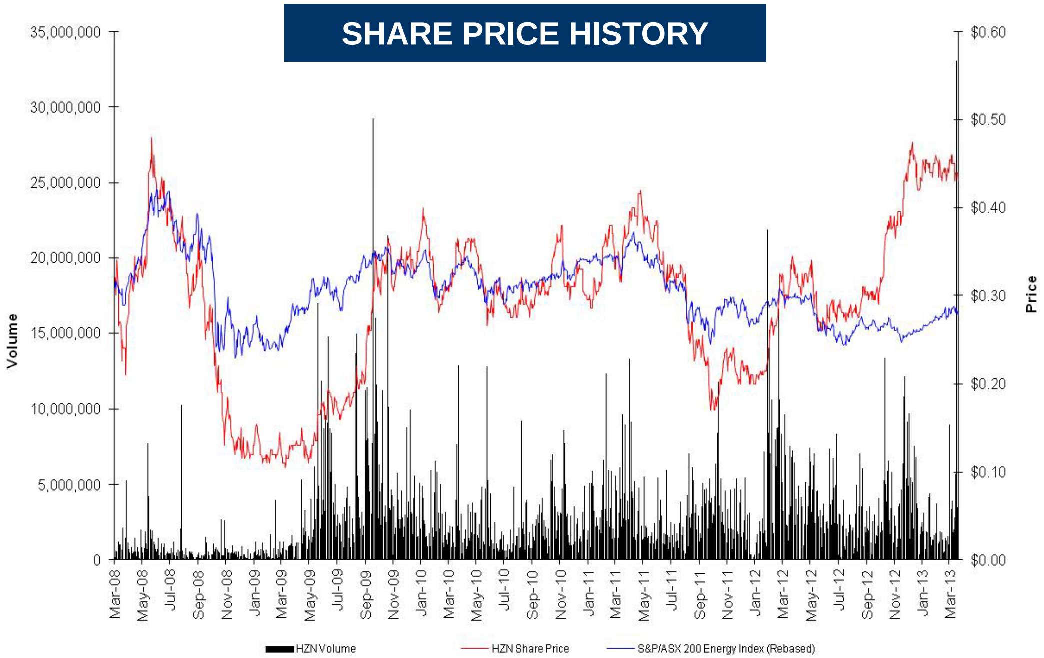
This presentation contains some references to forward looking assumptions, representations, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Horizon Oil Limited that its expectations, estimates and forecast outcomes will be achieved. Actual results may vary materially from those expressed herein.

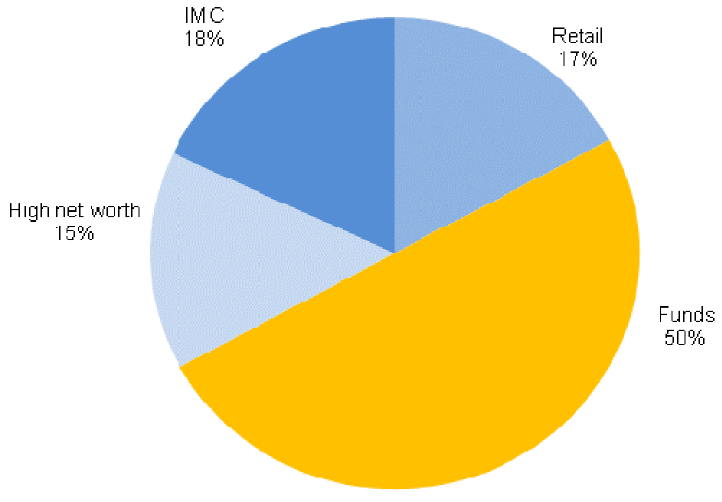
Horizon Oil Profile

Horizon Oil

- E&P petroleum company with geographic focus on SE Asia/Australasia
- ASX listed – included in ASX 200 Index
- Market capitalisation of A$482m at A$0.425 per share on 1 May 2013 (1,135.3m shares)
- Net production currently 2,500 bopd, generating EBITDA of approx US$6m per month
- Forecast exit 2013 production ~5,500 bopd net
- 2P reserves of 21.0 mmbo and 2C resources of 23.6 mmbo/558 bcf gas
- Exploration potential of 173 million barrels of oil equivalent (mmboe) best estimate
- US$160m reserves-based lending facility in place – development program fully-financed
- At 31 March 2013:-
  - Cash on hand US$34.7m
  - Convertible bond US$80.0m (matures June 2016, unless converted prior)
  - Drawdown on US$160m facility US$140m
  - Net debt US$184m

Shareholder Distribution and Trading Statistics





1,135.3m shares

TRADING STATISTICS

Apr 2013 (to date)	
Last	$0.425
High	$0.425
Low	$0.340
Volume	62,353,666
12 Months	
Last	$0.425
High	$0.475
Low	$0.250
Volume	753.27m
Fully paid shares	1,135.3m
Partly paid shares	3.00m[1]
Employee options	13.97m[2]
General options	19.0m[5]
Share appreciation rights	22.73m[3]
Convertible bonds	400[4]
No. of shareholders	5,370
Market capitalisation	$482m
Top 20 / Issued Capital	69.5%

[1]Issued in accordance with employee incentive schemes

[2]Options - issue price ranging from $0.27 - $0.44

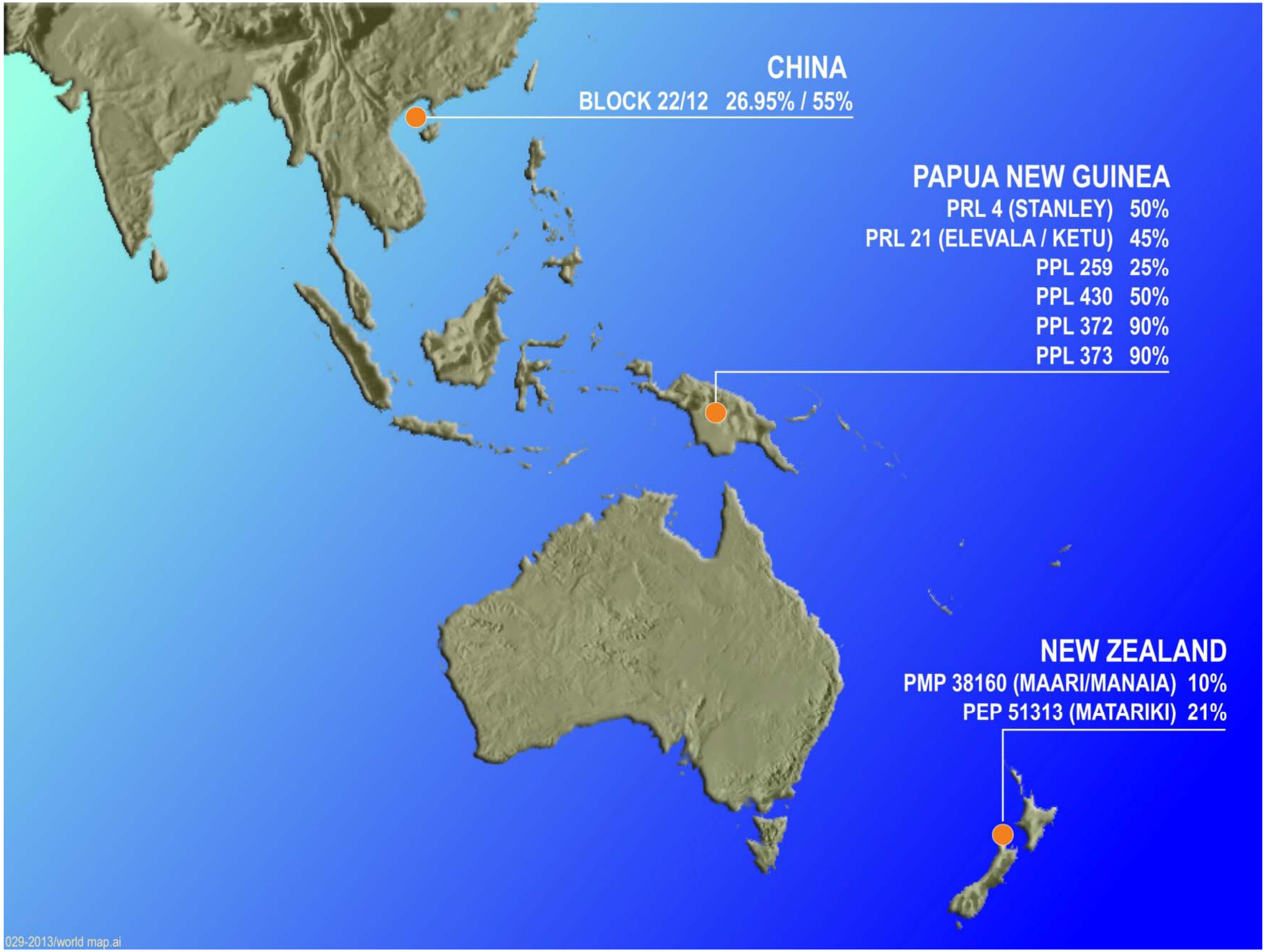
[3]Share price equivalence of SARS - $0.30. 3.9 million SARS subject to shareholder approval

[4]Convertible to 384.615 ordinary shares per bond at the initial conversion price of $0.49

[5] Includes 15 million options issued to Petsec on acquisition of additional interest in Block 22/12, exercise price $0.37

Geographic Focus and Asset Location

Nothing's changed…



…focus on productive fairways and mature operating areas in SE Asia / Australasia

Investment Proposition

- Focused southeast Asian/Australasian E&P specialist.
- Strong, long-lived cashflows from Maari/Manaia fields, offshore New Zealand, re-invested to fund future capital program. Low risk, new reserves appraisal drilling and mid-life field upgrade program to begin Q3 2013.
- Beibu Gulf field development, offshore China, on stream in March 2013 and oil production now ramping up to forecast 16-18,000 bopd peak at end 2013. Additional field to be developed in Phase II.
- Large gas/condensate resources and acreage position onshore Papua New Guinea. Condensate production from Stanley field to commence in early 2015. Potential for long - life mid-scale LNG project to commercialise gas.

Focus on proven, conventional plays with scale, upside and manageable risk

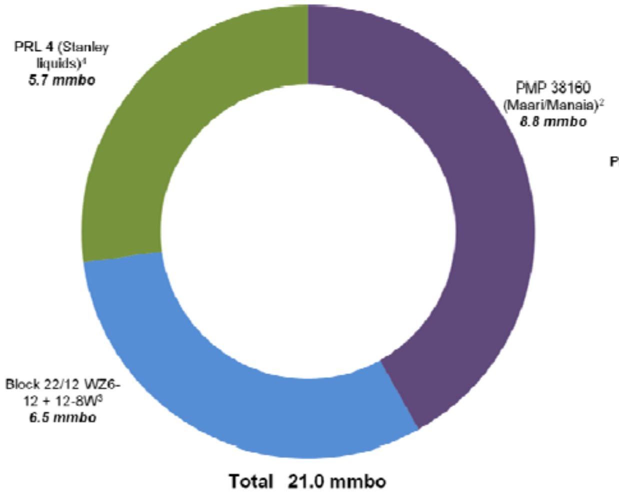
Substantial inventory of discovered reserves and resources to bring into production with minimal exposure to geological risk – 138 million barrels of oil equivalent (mmboe)

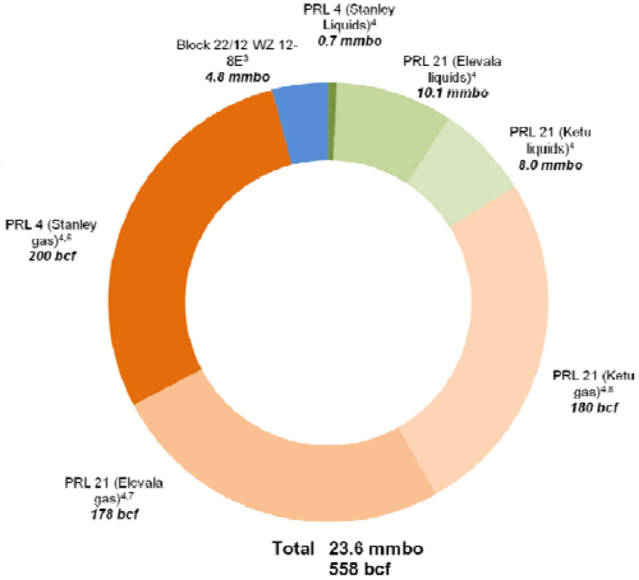
Conservative and highly selective approach to exploration in and around discovered reserves and resources – 173 mmboe unrisked best estimate potential

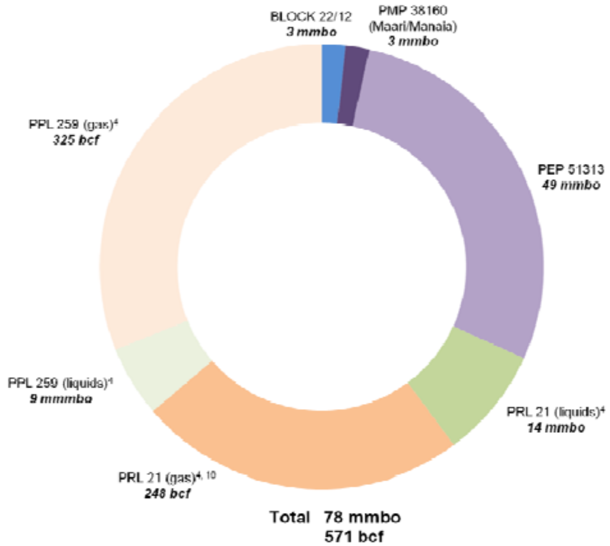
Low risk exposure to commodity price upside, especially oil price, and production growth

Net Reserves, Resources and Exploration Potential at 1 Aug 2012

RESERVES Proven + Probable	CONTINGENT RESOURCES Proven + Probable	PROSPECTIVE RESOURCES Best Estimate





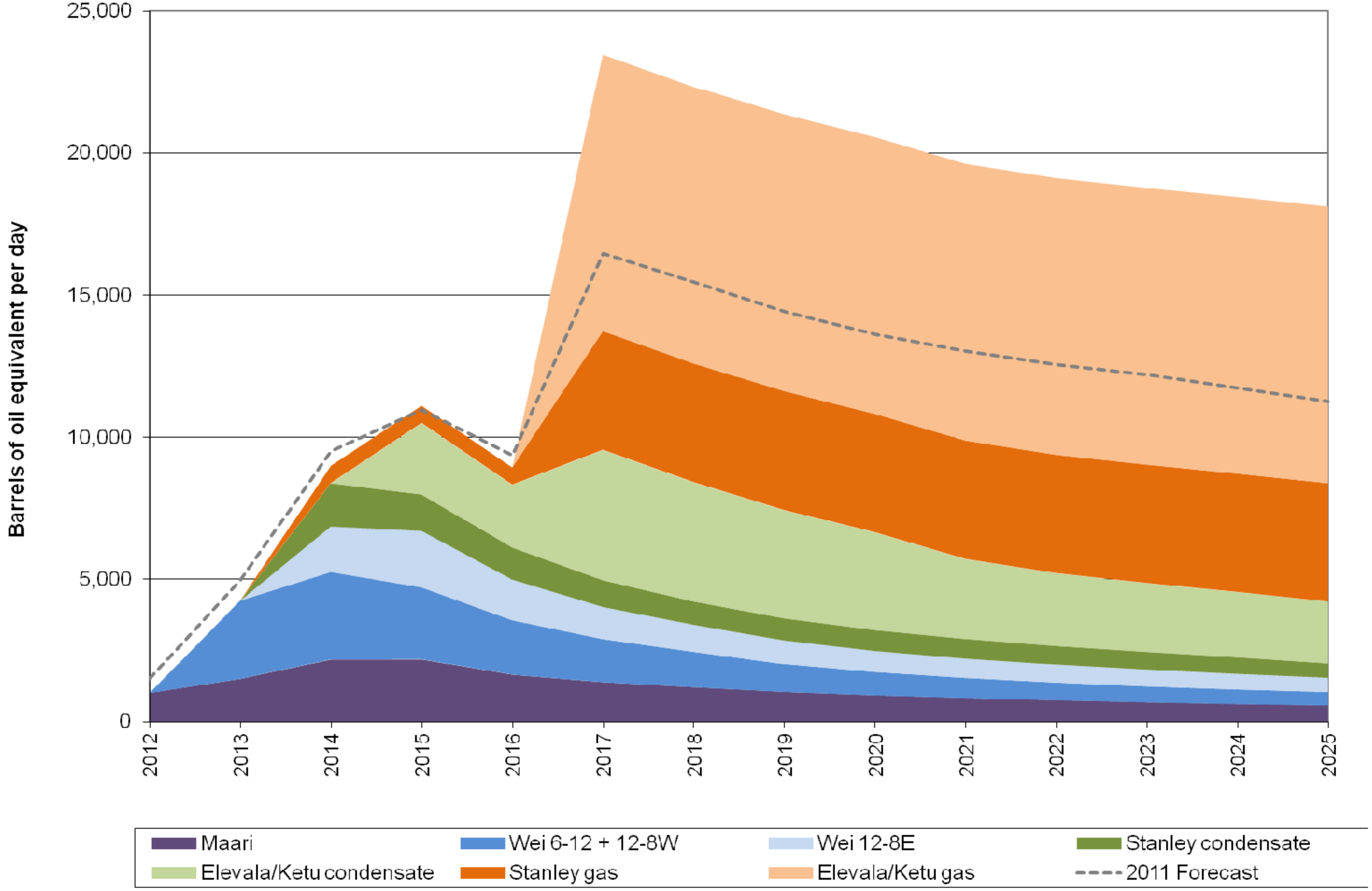


[1] 6 bcf gas equals 1 boe; 1 bbl condensate equals 1 boe
[2] Net of production of 19.2 mmbo gross through 31 July 2012
[3] Reduced to allow for CNOOC participation at 51%
[4] Subject to reduction to allow for PNG State Nominee participation at 22.5%
[5] Assumes recovery factor of 20% of oil-in-place
[6] Includes 4.3 mmbbl LPG (1 tonne LPG equals 11 bbl)
[7] Includes 5.8 mmbbl LPG
[8] Includes 5.8 mmbbl LPG
[9] Estimates have an associated risk of discovery and risk of development
[10] Includes 8.0 mmbbl LPG

Total reserves and resources – 138 mmboe **Exploration potential[6] – 173 mmboe**

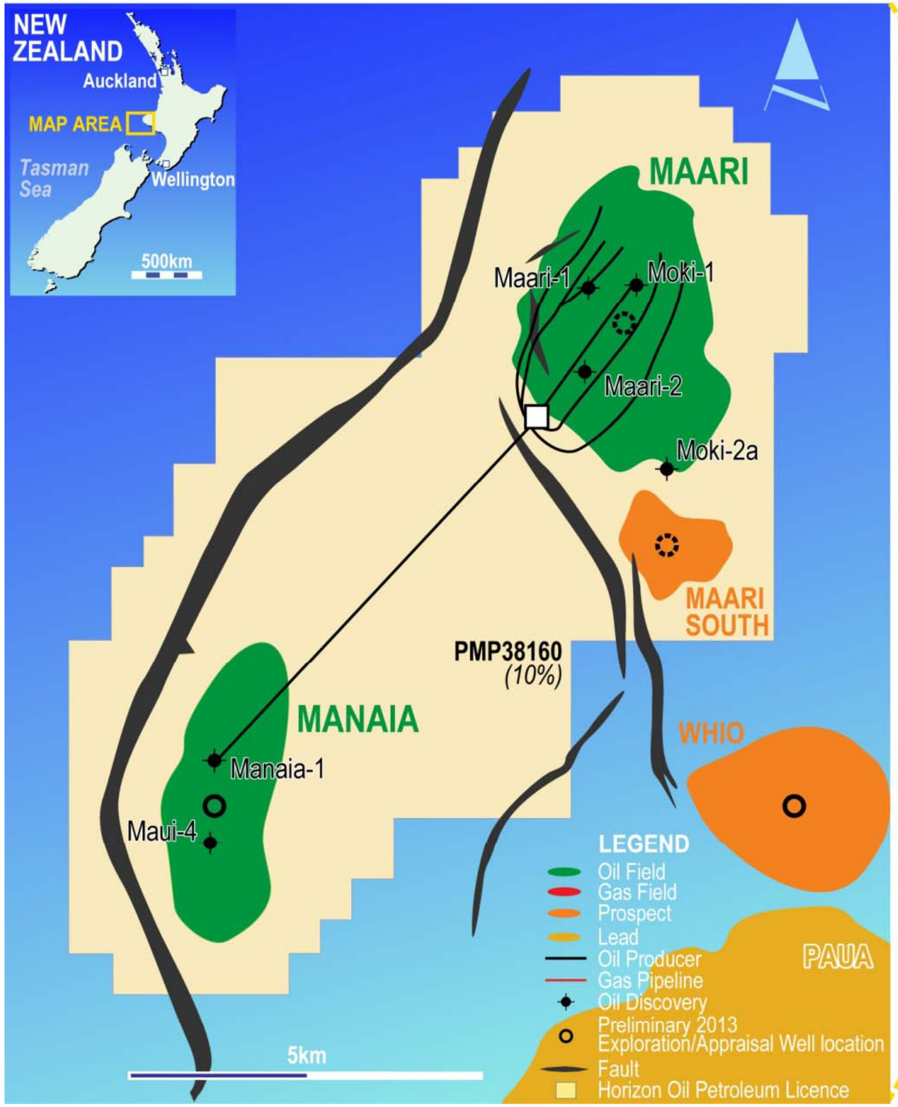
Net Production Forecast at 1 Aug 2012 – Reserves + Resources

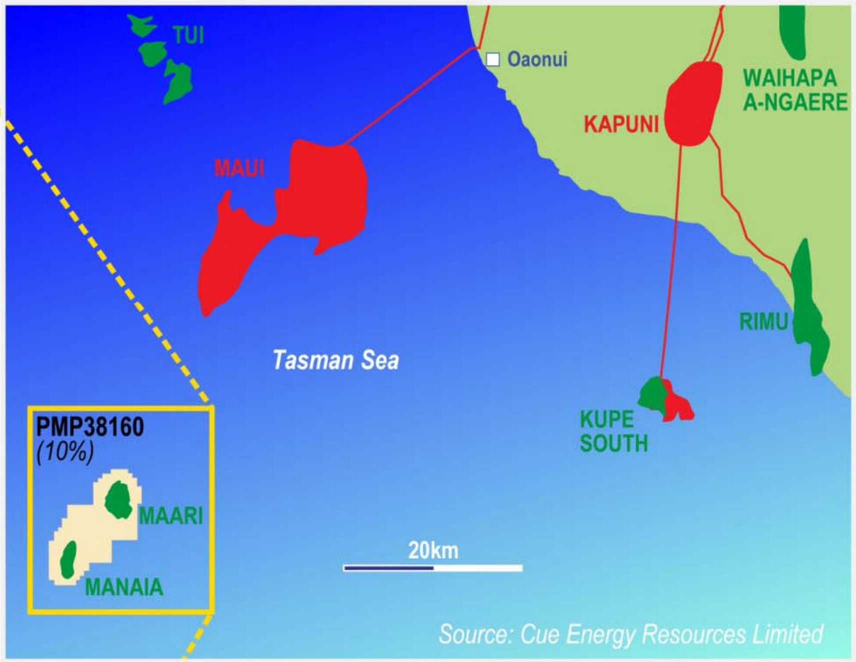
Horizon Oil



Maari /Manaia Fields – New Zealand

On stream February 2009…





PMP 38160:	
HZN	10%
OMV	69% (Op)
Todd	21%
CUE	5%

…producing over 21 mmbo and US$1.8 billion in revenue to date

Maari/Manaia - Key Points

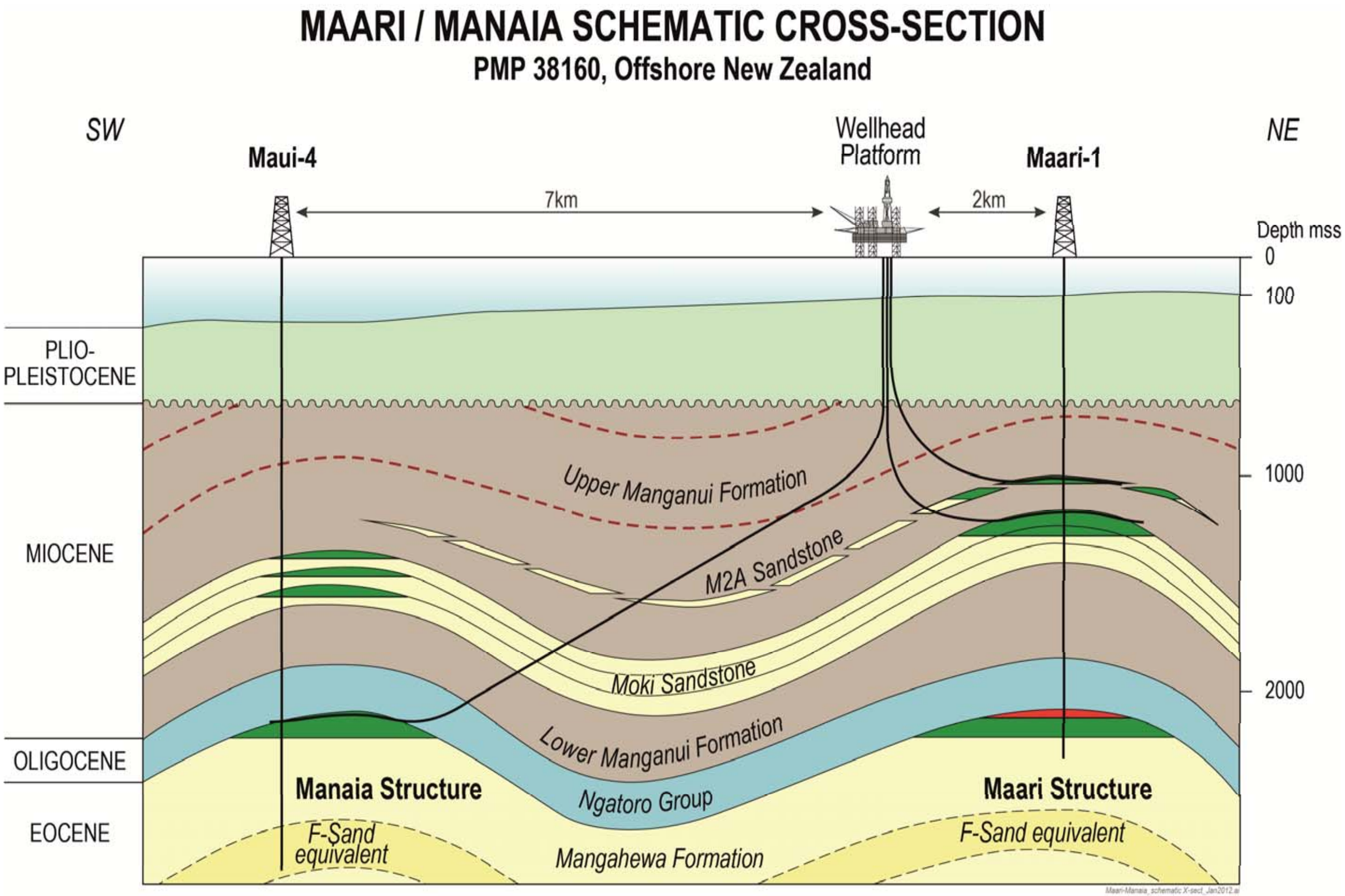
Horizon Oil

- Wellhead platform / FPSO development in 100 m water depth
- Maari Moki zone developed with 5 producer wells and 3 water injectors – field developed on basis of 60 mmbo recoverable reserves; successful appraisal/development wells drilled from platform on secondary zones – M2A sands and Manaia Mangahewa formation, completed for production
- Nameplate capacity of facilities 35,000 bopd; FPSO *Raroa* purchased in 2013
- High quality crude receiving premium to dated Brent price
- Reserves in existing developed zones recently materially upgraded
- Focus now on production optimisation (reconfiguration of water injection scheme and additional producer offtake wells) and “Greater Maari Area” development
- 2 appraisal wells to be drilled in 2013/14, with unrisked potential of 20-30 mmbo in new zones

Maari Field Development Assets

Horizon Oil

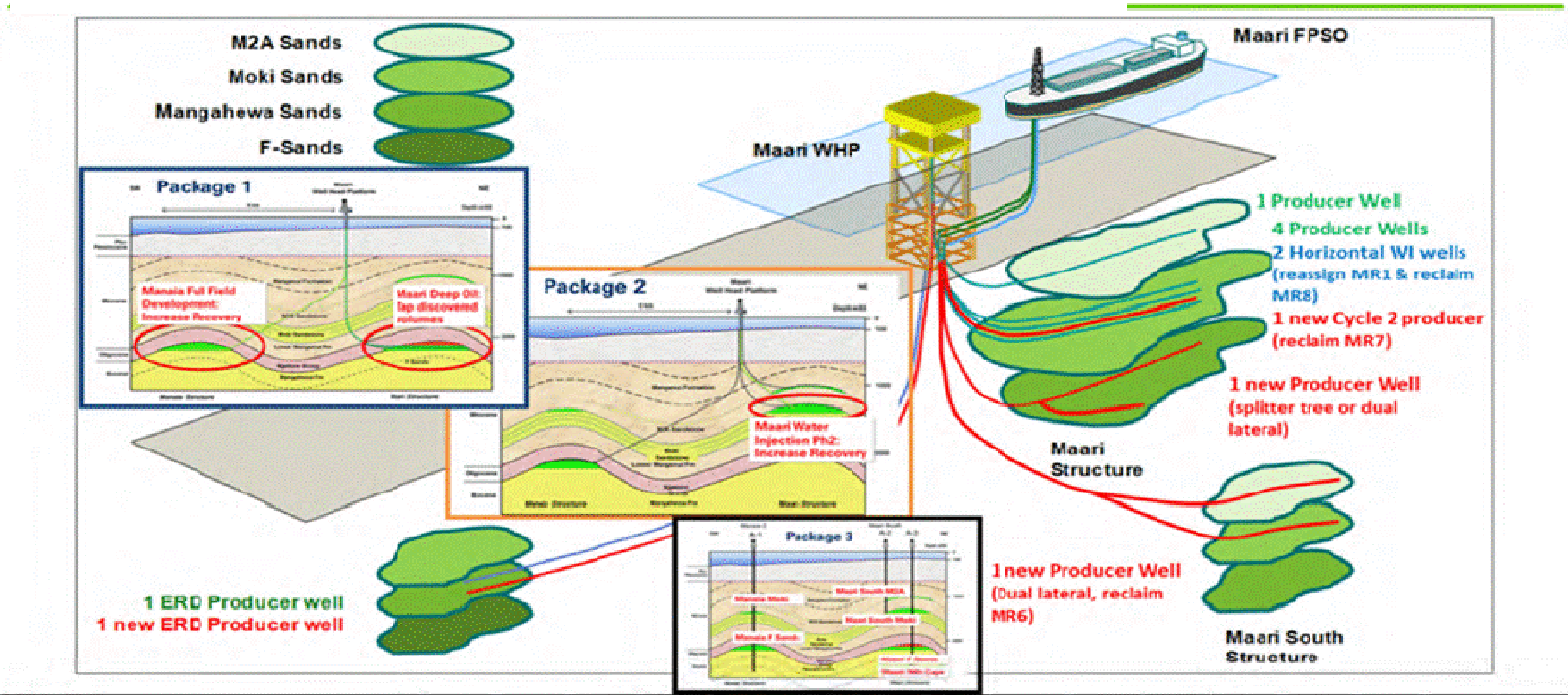
Maari /Manaia Upside Potential

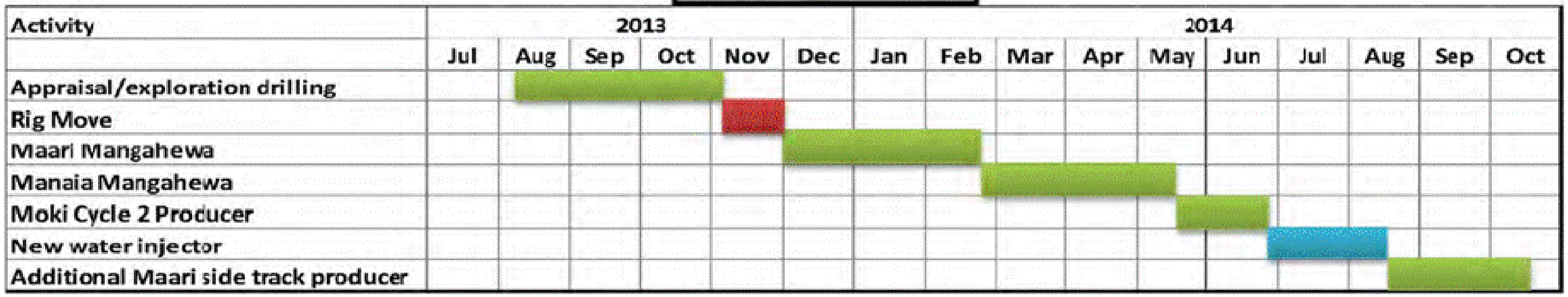


Remaining reserves of 88 mmbo in existing producing zones

Maari/Manaia Growth Projects

Horizon Oil





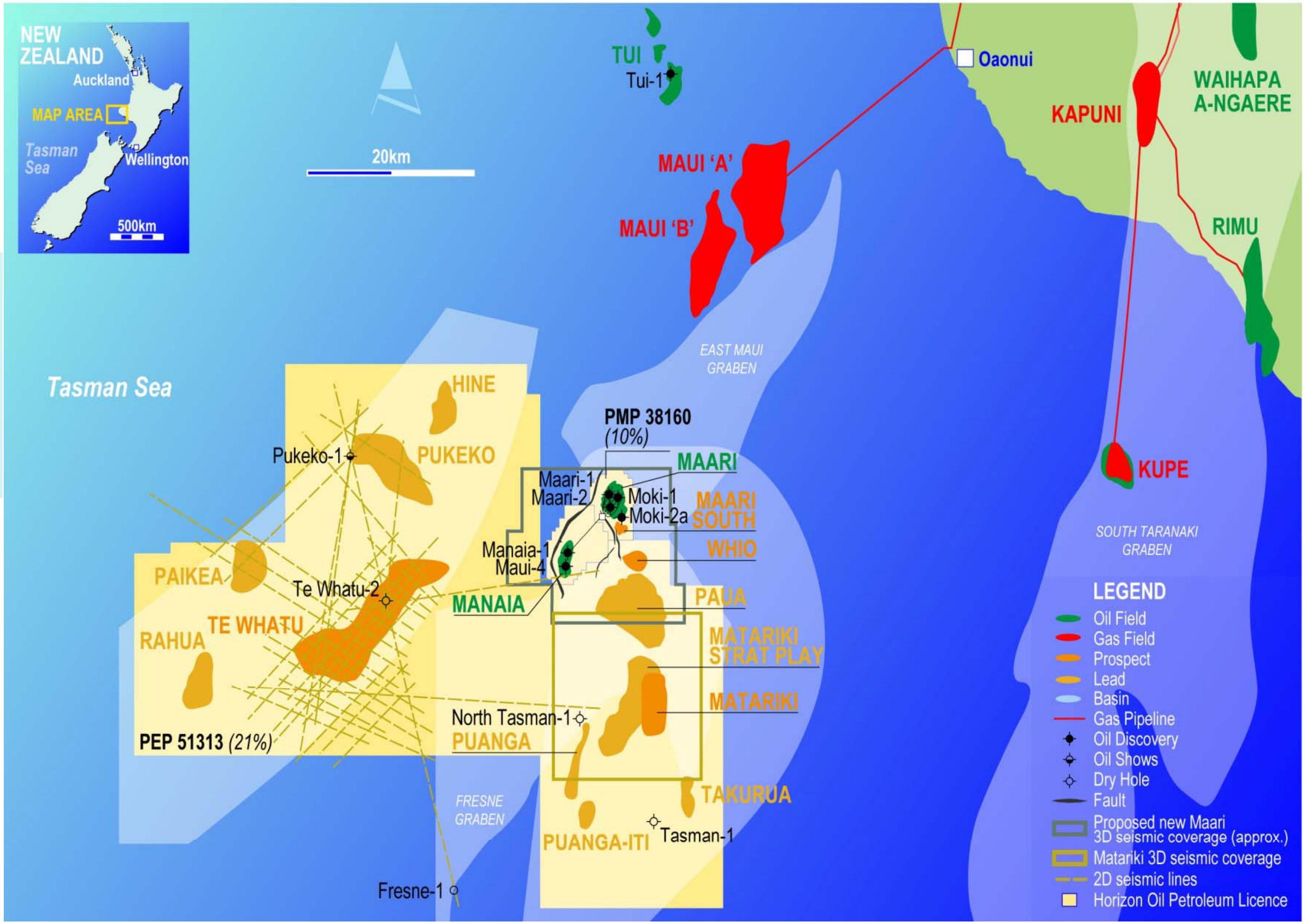
Unrisked potential of 20-30 mmbo in new zones

PEP 51313 – New Zealand

Horizon Oil

2,595 sq km block with 5 year term, logical extension of Maari/Manaia trend…

PEP 51313:	
HZN	21%
OMV	30% (Op)
Todd	35%
CUE	14%



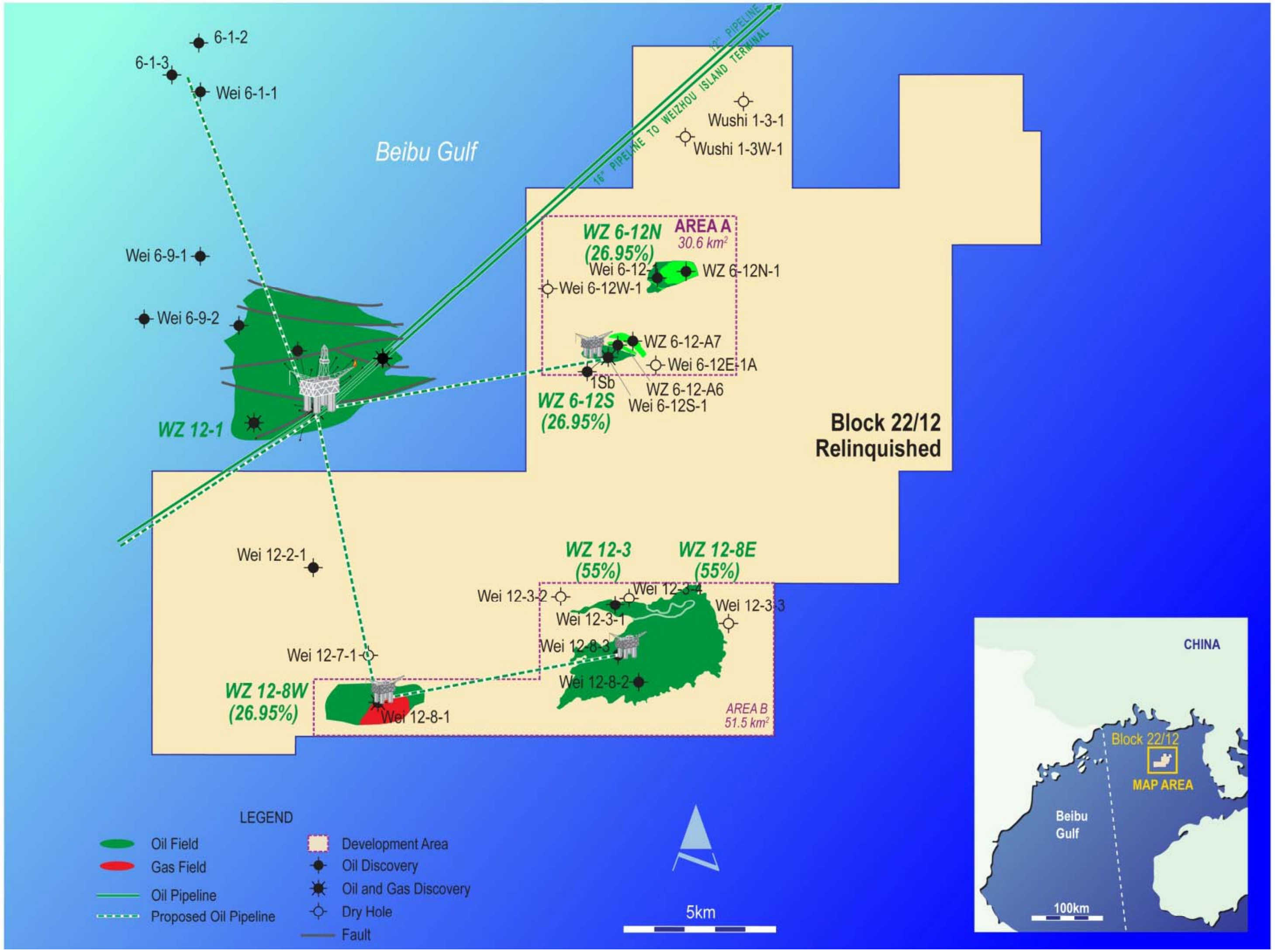
…deep prospect and lead inventory with 163 mmbo potential – well on Whio Q1 2013

Beibu Gulf Fields, China – Development Targets

Horizon Oil

Block 22/12 Post-CNOOC Back-in:

HZN	26.95%
CNOOC	51.00% (Op)
ROC	19.60%
Majuko Corp	2.45%

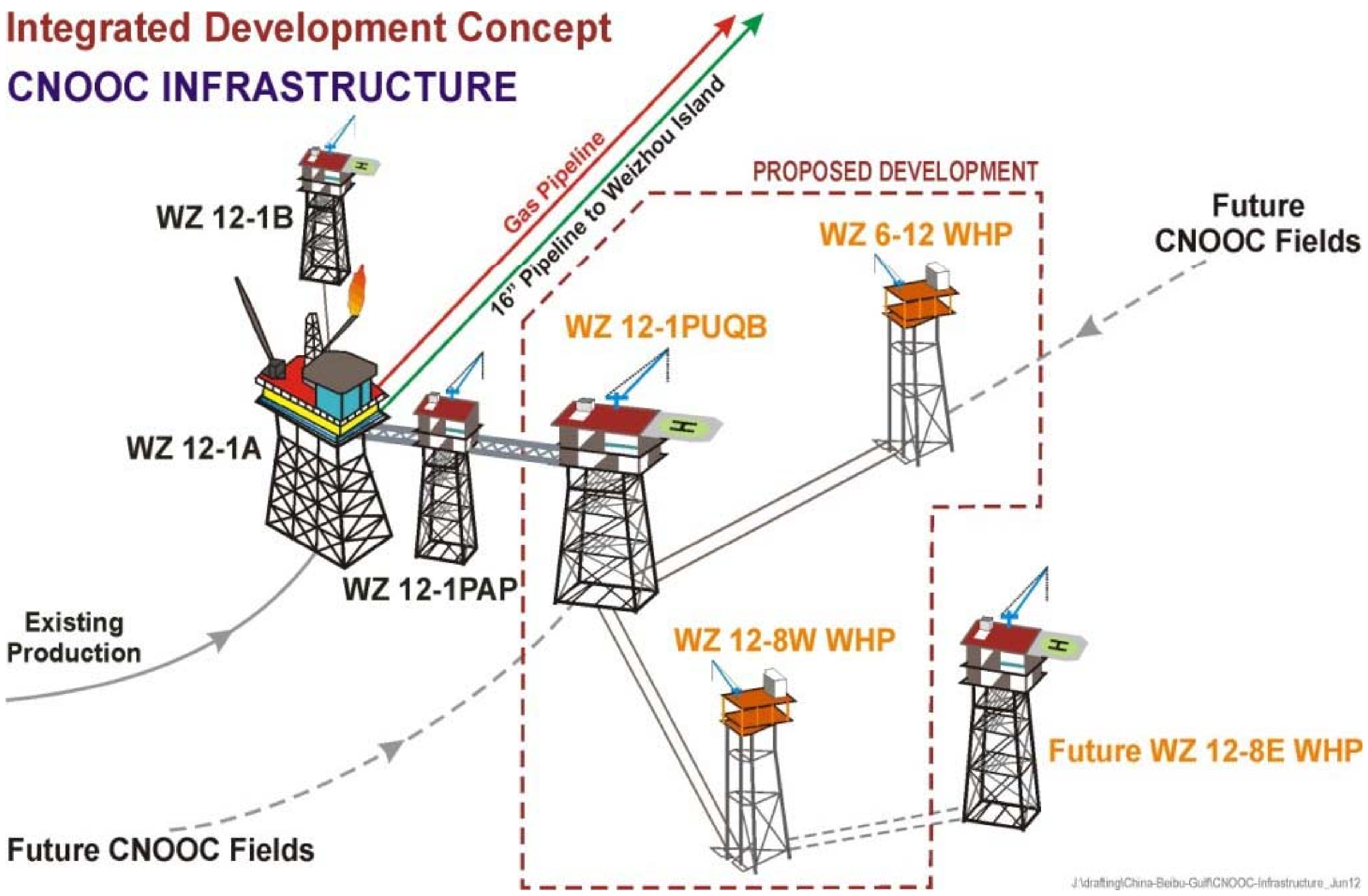


Beibu Gulf Fields – Key Points

Horizon Oil

- 2 phase development in 40 – 60 m water depth utilising CNOOC platform facilities, export pipeline and terminal on Weizhou Island
- Phase 1 platforms WZ 6-12 and WZ 12-8W connected by pipeline to PUQB utility platform; forecast completion cost within initial US$300m budget
- Three well exploration program prior to development drilling increased 2P reserves 18% to 28 mmbo; new reserves incorporated in Phase 1 development for US$50m incremental cost
- First production in March 2013, now at 6,000 bopd gross from five wells; additional 5 wells to be hooked up on WZ 6-12 and 5 wells drilled on WZ 12-8W; forecast Horizon Oil net peak production 4,000+ bopd in Q3 2014
- Phase II development plan for WZ 12-8E field scheduled for completion in August 2013

Beibu Gulf Fields – Phased Development Scheme



Beibu Gulf Fields Development Construction Progress

PUQB jacket lift by heavy lift vessel Lanjiang (L)

WZ 12-8W platform (R)

COSL HYSY 931 jack-up rig drilling over WZ 6-12 platform (L)

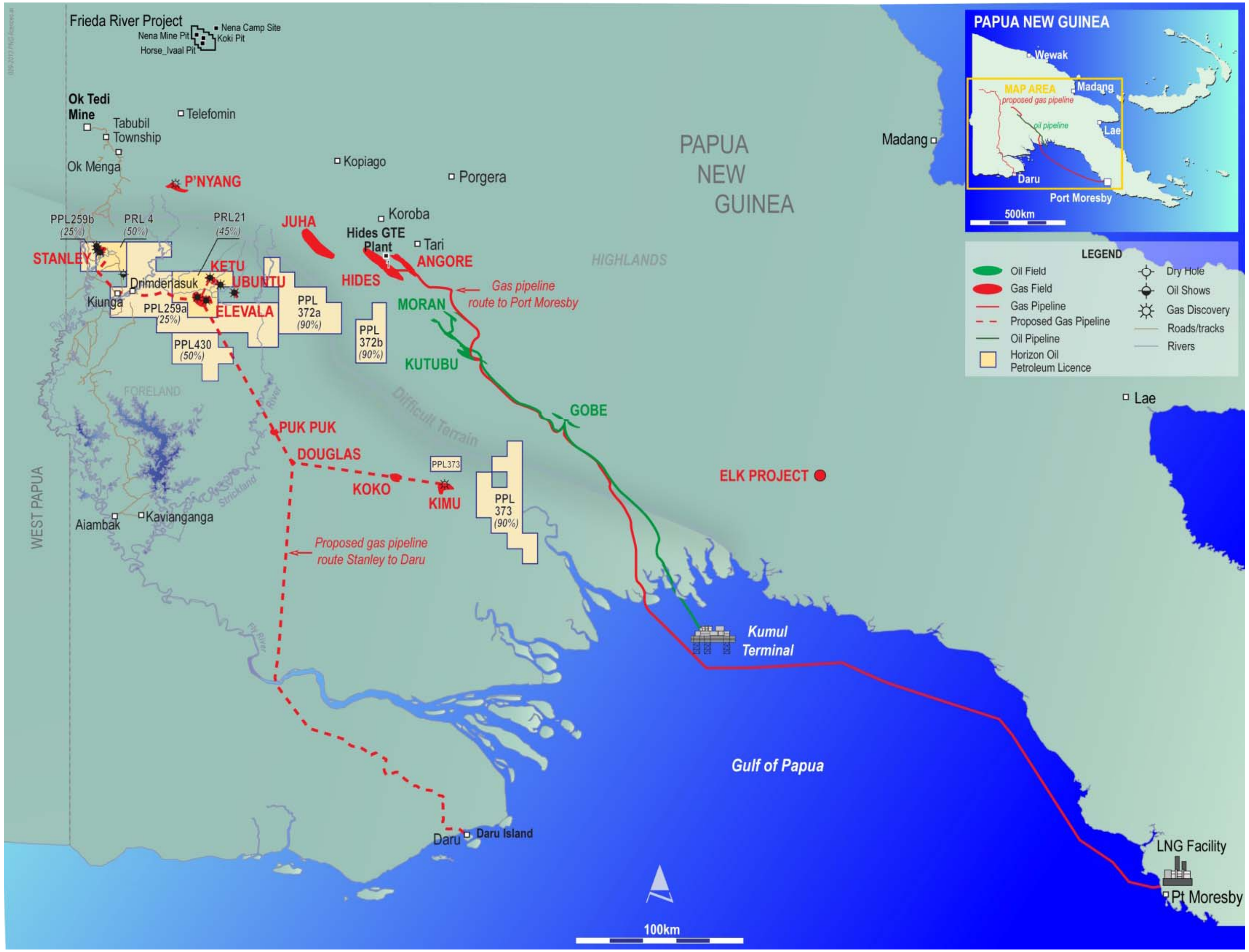
PUQB modules being lifted onto platform jacket (R)

WZ 12-8E Early Production Concept – Phase II

- Leased mobile production platform
- Flexible pipeline
- Initially up to three production wells
- Run extended DST or pilot production
- Drill more wells (4-5) depending on production performance wells
- Consider permanent WHP

Papua New Guinea

Quality companies continue to enter jurisdiction…



…several large projects gaining traction

PNG Exploration and Development Program - Key Points

Horizon Oil

- Commanding 7,900 sq km acreage position in liquids-rich “sweet spot” of foreland area with certified condensate and gas resources of 125 mmboe net
- Stanley (PRL 4) and Elevala/Ketu (PRL 21) fields successfully appraised in 2011/12
- Stanley condensate recovery project FEED completed and FID in July 2012, production development licence application submitted in August 2012 and currently awaiting approval; early works, including river tanker construction, underway; target first production 2015
- Site preparation for Tingu-1 exploration/appraisal well underway and expected to spud Q3 2013
- FEED for Elevala/Ketu condensate recovery project underway; development licence application submission March 2014; target first production 2017
- Active exploration/appraisal program planned in low geological risk environment and accessible terrain to establish sufficient gas resources for 2-4 mtpa mid-scale LNG plant on coast; target FID 2016
- Partial asset sell-down process underway to achieve portfolio balance, realise return on investment to date and introduce partner to increase prospect of gas commercialisation

Horizon Oil Acreage and Joint Venture Partners ~7,900 sq km

PRL 4:

HZN	50% (Op)
Talisman	40%
Mitsubishi	10%

PRL 21:

HZN	45% (Op)
Talisman	32.5%
Kina	15%
Mitsubishi	7.5%

PPL 259:

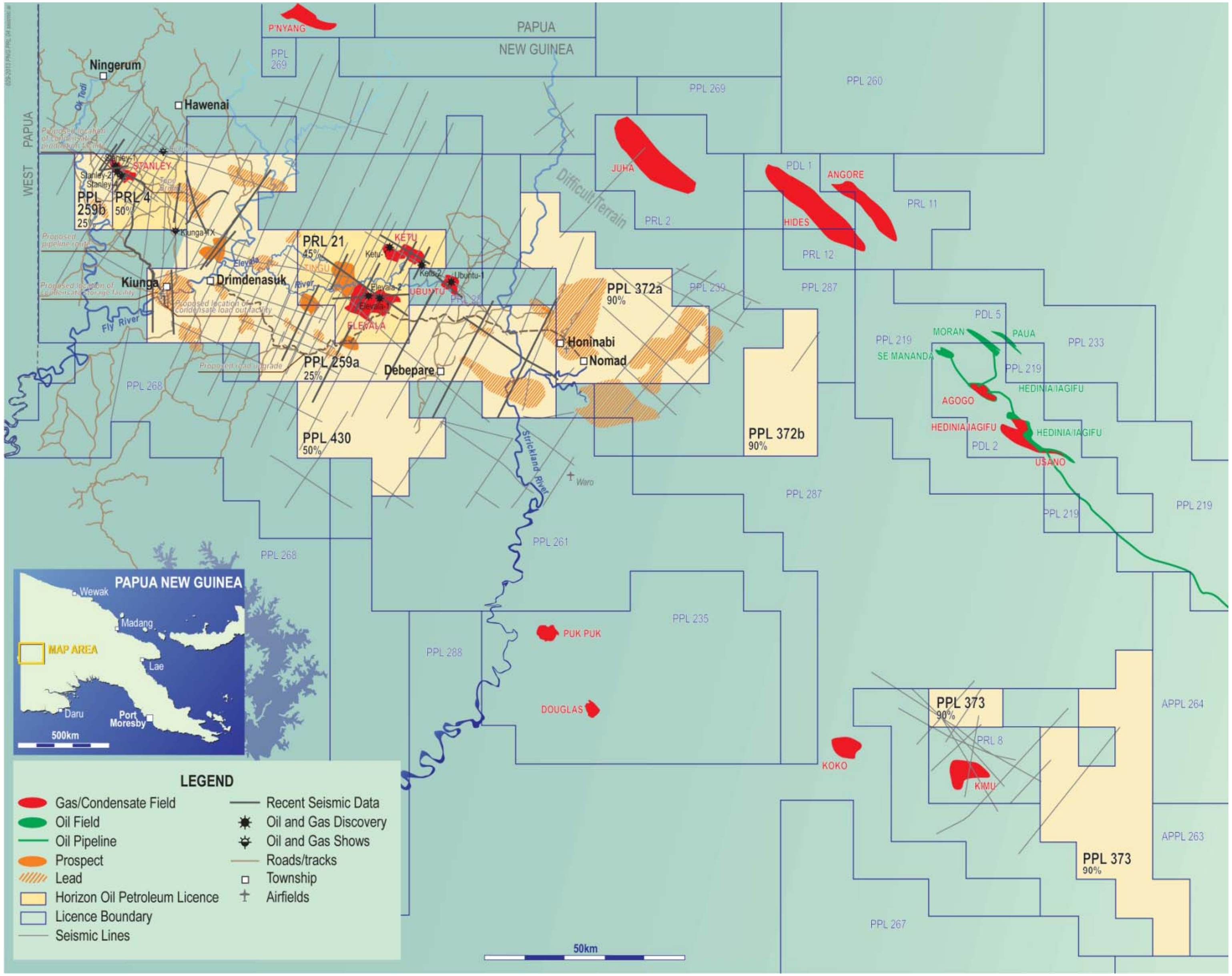
HZN	25%
Eaglewood	65%
P3GE	10%

PPL 430:

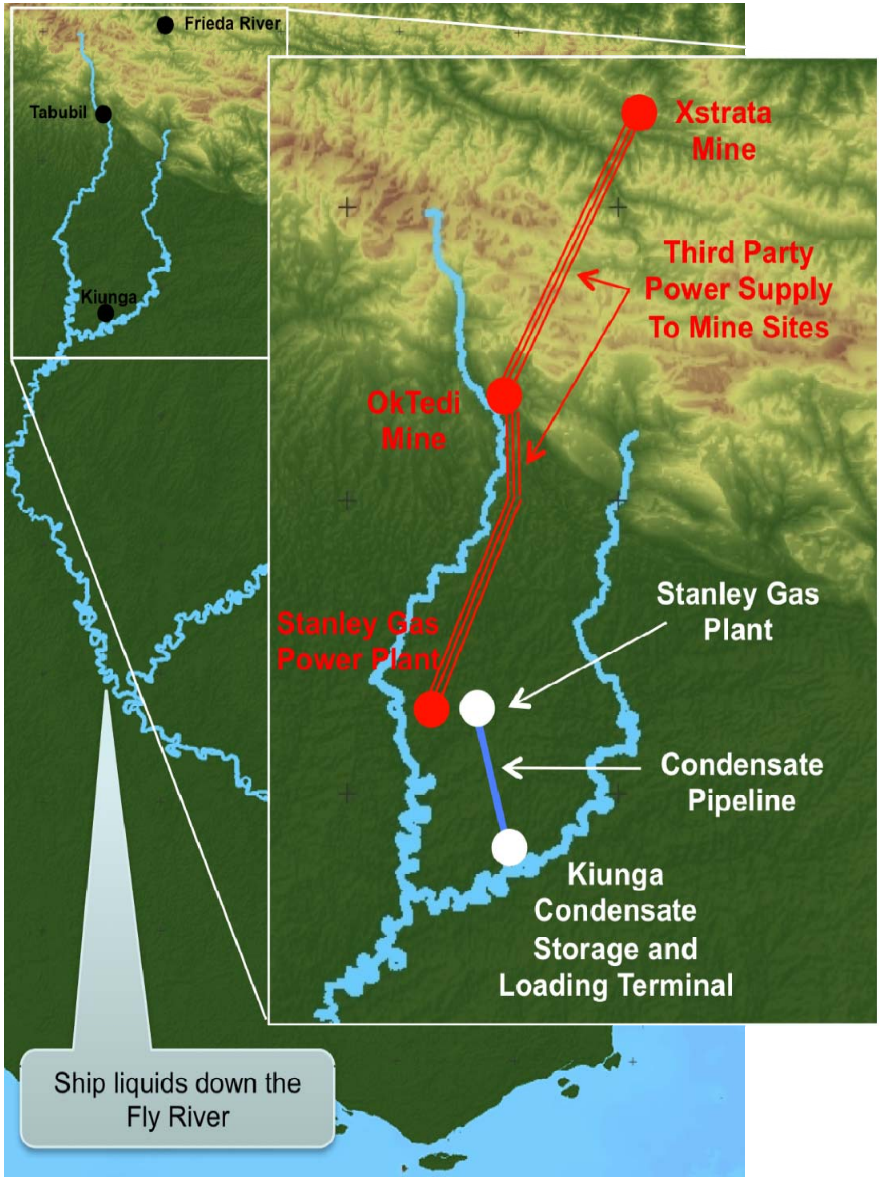
HZN	50% (Op)
Eaglewood	50%

PPLs 372 and 373:

HZN	90% (Op)



Stanley Project Concept



Facilities

- 2 train, 140 mmscfd gas refrigeration plant
- Mercury removal via adsorption catalyst beds
- Gas sales at plant fence, addition gas recycled to enhance liquids recovery
- 6 inch, 40 km pipeline to transport liquids to Kiunga
- 60,000 bbl storage tank near Kiunga laydown area
- 12 inch, 1 km line between tank and loading facility
- Mooring point loading facility ~1 km downstream of Kiunga main wharf

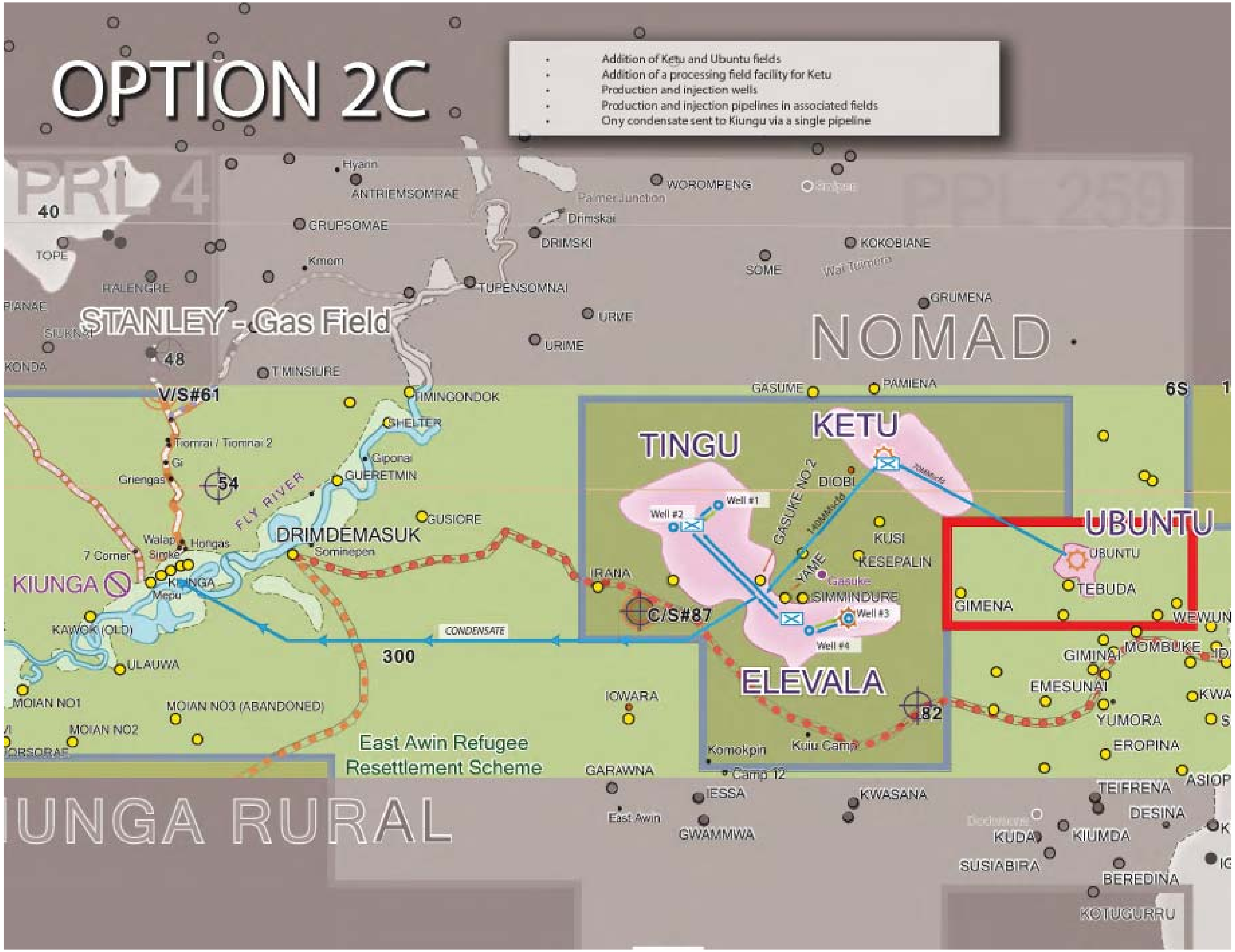
Tanker

- 33,000 bbl capacity
- Custom designed by P&O
- Fly River and ocean going capability
- Initial buyer expected to be InterOil Napa Napa Refinery, located in Port Moresby

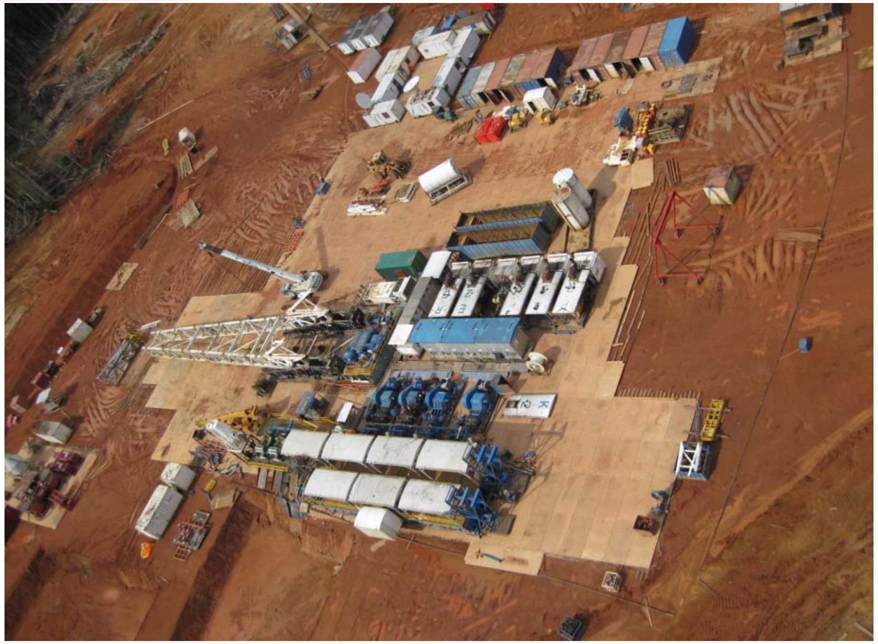
Stanley Production Facility Site

Kiunga Base and Condensate Loadout Facility

PRL 21 (Elevala, Ketu and Tingu) – Development Concept



Elevala-2 Wellsite and Ketu-2 Well Flow test

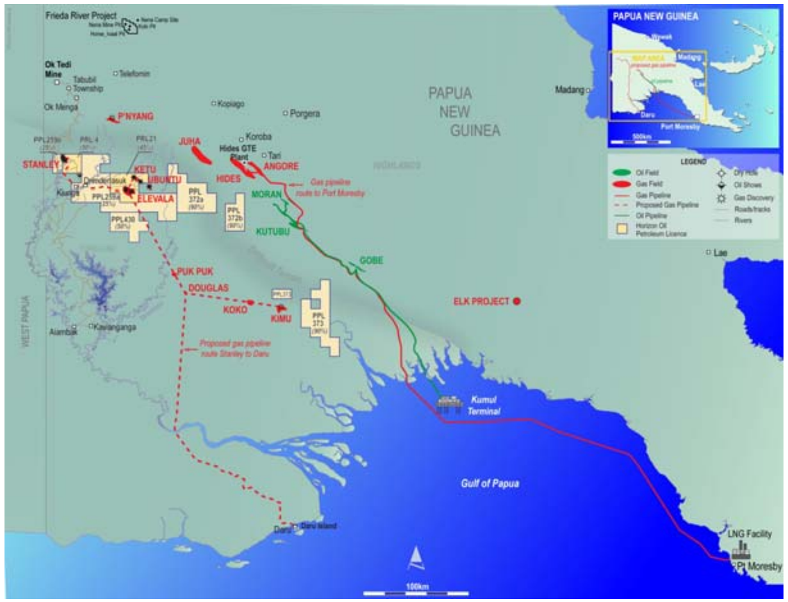


PNG Gas Commercialisation Options

- **Power generation – possibly with PNG Energy Developments Ltd**
  - Ok Tedi Mining Limited (OTML)
  - Frieda River project (if sanctioned)
  - Local towns and communities in Kiunga – OK Menga – Frieda River corridor
  - Export to West Papua: Merauke, Jayapura

- **Mid-scale LNG ~2-4 mtpa**

  Expandable mid scale LNG plant located at Daru to supply:-
  - City and mining project power demand, as substitute for diesel or fuel oil
  - Singapore LNG and products hub
  - North Asian markets



Daru Port – Proposed Stage 1

- SDP/Qube joint venture
- Stage 1 involves floating wharf and barge for copper concentrate storage
- FID for Stage 1 - Q2 2013
- Completion for OTML January 2015 or earlier
- Channel to be dredged to 11 m depth to accommodate Handymax-sized vessels
- Maintenance dredging planned every 5 years

Planned course of dredged channel and turning bay

Daru and Bobo Islands, looking south

HZN Share Price … Catalysts for Re-rating

Horizon Oil

		Timeframe
▪ Improved production performance from Maari/Manaia fields and progress on appraisal drilling and field upgrade		*Q3 2013 - 2014*
▪ Ramp up to peak oil production of Beibu Gulf fields Phase I development		*Ongoing - Q3 2013*
▪ Progress on Beibu Gulf fields Phase II development plan		*Q3 2013*
▪ Progress on sales of Stanley gas to regional PNG consumers and larger scale gas commercialisation/export plans		*Ongoing*
▪ Progress on Stanley PDL award and development execution		*Q2 2013 - 2014*
▪ Progress on Elevala/Ketu development planning		*Ongoing - Q1 2014*
▪ Favourable outcome on partial sale of PNG assets		*Q2 2013*
▪ Exploration success		
– PNG: Tingu in PRL 21 and exploration drilling in PPL 259	2 wells	*Q3 2013 - 2014*
– PMP 38160: Manaia Deep, Maari Deep	2 wells	*Q3 2013 - 2014*
– PEP 51313, New Zealand: Whio	1 well	*Q1 2014*

Please visit the Horizon Oil website
www.horizonoil.com.au to see:-

Detailed Investor Presentation

Latest Quarterly Report

Analyst reports on HZN

Level 7, 134 William St,
Woolloomooloo NSW 2011
Tel: +612 9332 5000
Fax: +612 9335 5050
Email: exploration@horizonoil.com.au

The reserve and resource information contained in this announcement is based on information compiled by Alan Fernie (Manager – Exploration and Development). Mr Fernie (B.Sc), who is a member of AAPG, has more than 35 years relevant experience within the industry and consents to the information in the form and context in which it appears.